

Veterans Corner

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Enhanced VA Mortgage

Veterans with conventional home loans now have new options for refinancing to a Department of Veterans Affairs (VA) guaranteed home loan. These new options are available as a result of the Veterans' Benefits Improvement Act of 2008, which the President signed into law on October 10, 2008.

“These changes will allow VA to assist a substantial number of veterans with subprime mortgages refinance into a safer, more affordable, VA guarantee loan,” said Secretary of Veterans Affairs Dr. James B. Peake. “Veterans in financial distress due to high rate subprime mortgages are potentially the greatest beneficiaries.”

VA has never guaranteed subprime loans. However, as a result of the new law VA can now help many more veterans who currently have subprime loans.

The new law makes changes to VA's home loan refinancing program. Veterans who wish to refinance their subprime or conventional mortgage may now do so for up to 100 percent of the value of the property. These types of loans were previously limited to 90 percent of the value.

Additionally, Congress raised VA's maximum loan amount for these types of refinancing loans. Previously, these refinancing loans were capped at \$144,000. With the new legislation, such loans may be made up to \$729,750 depending on where the property is located.

Increasing the loan-to-value ratio and raising the maximum loan amount will allow more qualified veterans to refinance through VA, allowing for savings on interest costs or even potentially avoiding foreclosure.

Originally set to expire at the end of this month, VA's authority to guaranty adjustable Rate Mortgages (ARM's) and Hybrid ARM's was also extended under this new law through September 30, 2012. Unlike conventional ARM's and hybrid ARM's, VA limits interest rate increases on these loans from year to year, as well as over the life of the loans.

Since 1944, when home loan guaranties were offered with the original GI Bill, VA has guaranteed more than 18 million home loans worth over \$911 billion. This year, about 180,000 veterans, active duty service members, and survivors received loans valued at about \$36 billion.

For more information, or to obtain help from VA Loan Specialist, veterans may call VA at 1-877-827-3702 or visit www.homeloans.va.gov.

Purple Heart

A purple heart recipient is eligible for VA health care under priority Group 3. They also do not have to make co-payments for outpatient care including medical, surgical and mental health visits. They also may not have to pay prescription co-payments. For more information contact the enrollment coordinator at the VA Medical Center at 518-626-5000.

Veterans Education

They newly enacted veterans tuition program Section 669-A of the New York State Education Law, veterans of Vietnam, Persian Gulf and Afghanistan conflicts are eligible to receive a tuition award from New York State. This program is retroactive from February 28, 1961 to present and will start July 1, 2008. For more information call the New York State Higher Education Service at 1-888-697-4372 or visit www.hesc.org.

Vet Costs Reach All-Time High

The federal government is spending more money on veteran than at any time in the nation's history, according to a Congressional Research Service report submitted to Congress in June. The \$82 billion spent on 2007 surpasses the nearly \$81 billion in inflation-adjusted funds expended in 1947, two years after World War II.

Current expenses are attributed to the rising costs in health care, caring for aging veterans and treating severely wounded troops from Iraq and Afghanistan.

VA's current fiscal year budget is 11% higher than last year – a total of some \$91 million – and the department is proposing a \$94 million budget in 2009.

Some 1.6 million troops have served in Iraq and Afghanistan and about 325,000 of them are using VA. A total of 5.5 million veterans are now receiving VA health care and 2.9 million are collecting compensation. Current health-care costs account for about 44% of VA's budget. In 1947, medical care was only 12% of total costs.

Free VA Care for Combat Vets Clarified

VA's February 26 announcement of five years of free care for Iraq and Afghanistan vets has been clarified. At issue was VA's notice that "most conditions" would be covered.

"Copay's may apply if a physician finds clear evidence the condition is of recent civilian-life origin – such as wounds from a recent accident – and the veteran does not meet other copay waivers, such as low income," according to a VA spokesman.

The spokesman noted that "if there is any room for doubt," the presumption is that the condition is not civilian or life-related and the Iraq or Afghanistan War veteran is entitled to free care.

"So all other-than-dishonorably separated Iraq/Afghanistan veterans are eligible fore five years after discharge and five years of free medical care for most conditions," the spokesman explained.

The fire-year window is also open to activated members of the Reserve and National Guard if they served in a theater of combat operations after November 11, 1998, and were discharged under other than dishonorable conditions.